VOLUME PROFILE + ORDER FLOW · CASE 02

Exhaustion at the value area high

The failed breakout · the checklist from the reel · Compound with Raunak · educational only, not investment advice

A breakout above the value area high looks like the easy trade. The footprint tells you, before the candle does, whether real buyers are still behind it. This guide walks through the exact process from the reel, with every number on one example chart, and ends with a checklist you can keep next to your screen.

What you need on your chart

1. **Real volume.**
   Any stock works. For Nifty or Bank Nifty, use the **futures** chart: the index itself doesn't trade, so it has no order flow.
2. **Yesterday's volume profile.**
   A session (daily) profile with the value area at 70%, so you can read yesterday's **VAH, POC and VAL**.
3. **A footprint chart.**
   Also called an order flow chart (for example the Order Flow chart on Dhan). Every candle is split into two columns: what was sold in a hurry (left) and what was bought in a hurry (right), at each price.
4. **Delta and CVD.**
   The **delta** under each candle is bought − sold. Add a session **CVD** (cumulative volume delta) below the chart.
5. **A 15-minute chart.**
   Every signal here is a 15-minute candle **closing**, not a wick.

The one number at the top of the candle

BREAKOUT		NEXT PUSH		NEW HIGH	
210	**640**	170	**140**	95	**12**
185	396	212	361	401	290
256	1.9K	208	442	607	241
256	1.4K	201	408	444	192
640 bought at the top		**140 bought at the top**		**12 bought at the top**	
delta +4,300		delta +560		delta −812	

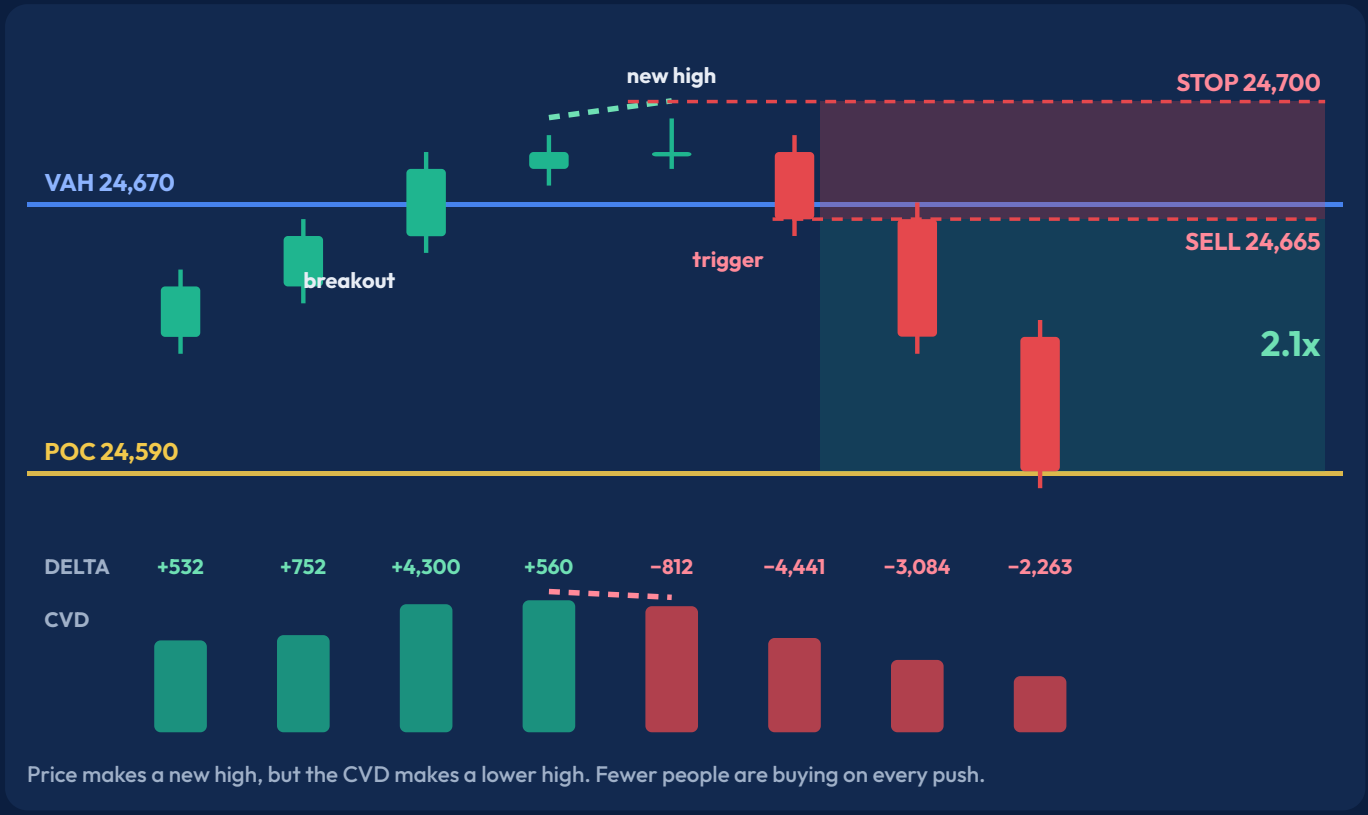
640 → 140 → 12: each push higher gets less buying

The top four rows of the breakout candle and the next two pushes (illustration). The ringed cell is what was bought at the very top. On a real breakout it stays in the hundreds or more. Here it falls to a handful.

THE PROCESS

Four steps, in the order you'd do them live

Short side. Prices are an illustration; the shape of the trade is what repeats.



Price makes a new high, but the CVD makes a lower high. Fewer people are buying on every push.

1 **Mark yesterday's levels.**
From yesterday's profile: VAH, POC and VAL. In the example: VAH 24,670, POC 24,590, VAL 24,510. Today you're watching the top: the VAH.

2 **When price pushes above the VAH, look for exhaustion.**
Most people see a breakout and buy. Open the footprint and ask: is there still real buying behind this move? On a real breakout the bought column keeps filling up with big numbers as price goes higher. Exhaustion is the opposite: **every new push comes with smaller buying**, and the print at the very top of the candle is tiny. In the example: 640 → 140 → just 12 bought at the top. This is a warning sign, not your entry.

3 **Check the CVD.**
The CVD is all the deltas added up through the day. If price makes a new high but the CVD makes a **lower high**, the move is running on empty. In the example, the new high (24,695) printed with a delta of −812: CVD 18,442 → 17,630.

4 **The trigger, the stop, the target.**
Sell when a candle's delta turns **red** and it **closes back below the VAH** (the example's trigger: delta −4,441, close 24,665). Everyone who bought the breakout is now trapped above, and their selling pushes price down faster. Stop just above the high of the failed breakout. First target: the POC. Reward **at least 2x** the risk.

The example in numbers

Entry 24,665 · stop 24,700 (just above the failed breakout's high at 24,695) · risk 35 points. Target, the POC 24,590: 75 points away, 2.1x the risk, so the trade passes. If the POC had been closer than twice your risk, you'd skip it.

WHEN NOT TO TRADE IT

Skip it when the buyers are still there

The breakout is real when the buying keeps getting bigger. Don't fight it.

The buying keeps getting bigger · as price goes higher
Each new push shows bigger numbers at the top of the bought column, not smaller. In the reel's skip example: 640, then 880, then 1,240.

The delta stays green · candle after candle
The buyers are still the ones in a hurry.

The CVD makes new highs · along with price
No divergence means no exhaustion. In the example the CVD kept climbing: 21,483, then 25,221.

Big news days · results, RBI policy, the Budget
Levels get run over when the whole market reprices. Sit those days out.

Less than 2x · to the first target
If the POC is too close for a 2x reward, skip it, however good the signals look.

Six mistakes that break this setup

- ✕ **Selling the first big breakout candle.** Big buying on the breakout is what a real breakout looks like. Exhaustion shows up after, on the pushes that follow.
- ✕ **Selling just because price is at the VAH.** The level tells you where to look. The shrinking buying and the CVD lower high are the reason to act.
- ✕ **Reading one cell.** Compare the top of each push with the push before it, and check the delta, not a single number.
- ✕ **Using wicks.** A wick back below the VAH is not a signal. Wait for the 15-minute close.
- ✕ **Stop in the wrong place.** Too tight and normal noise takes you out; too wide and the trade fails the 2x check. Just above the failed breakout's high.
- ✕ **An index chart with no volume.** Use Nifty or Bank Nifty futures for their order flow.

Practise before you put money on it
Use your platform's bar replay. Go back through 20 days on Nifty futures or a stock you follow, mark yesterday's VAH on each, and every time price pushes above it, run the four steps. Note which days showed exhaustion, which were real breakouts, and how each played out. Trust the setup because of what you saw on your own chart.

KEEP THIS NEXT TO YOUR SCREEN

The checklist

Tick every box, or don't take the trade

Before the open

- [ ] Chart with real volume (futures for an index)
- [ ] Yesterday's VAH, POC and VAL marked
- [ ] Footprint chart, delta and session CVD on
- [ ] No big news today (results, RBI, Budget)

At the value area high

- [ ] Price pushed above the VAH
- [ ] Each new push has smaller buying at the top
- [ ] Only a handful bought at the very top print
- [ ] New high in price, lower high in CVD

The trade

- [ ] A candle with red delta closes back below the VAH
- [ ] Stop just above the failed breakout's high
- [ ] First target: the POC
- [ ] Reward is at least 2x the risk

Skip it if

- [ ] The buying keeps getting bigger
- [ ] The delta stays green
- [ ] The CVD makes new highs with price
- [ ] The trade can't reach 2x

The series

Case 01 · Absorption at the VAL ✓

Case 02 · Exhaustion at the VAH ✓

Case 03 · CVD divergence

Case 04 · The real breakout

Case 05 · Trapped traders

Case 06 · Naked POC magnet

Case 07 · Stacked imbalances

Case 08 · Thin zones

Educational only, not investment advice. The prices and volumes in this guide are an illustration, not a real session. Trading involves risk of loss; size every position so a stop-out is a loss you can afford. Follow @compoundwithraunak for the next case.